

Legislative Fiscal Bureau

Fiscal Note

SF 368 - Iowa Broadband Initiative (LSB 3219 SV)

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Fiscal Note Version — New

Description

Senate File 368 creates an Iowa Broadband Initiative. A local exchange carrier is permitted a single increase in monthly rates to be used to provide advanced telecommunications services in each of the carrier's local exchange central office wire centers where broadband services are not currently available.

The Bill allows local exchange carriers operating under price regulation plans to rebalance their residential and business rates and to reduce rate differentials resulting from past mergers and acquisitions.

The Bill further requires the Utilities Board to conduct studies of the current state of local exchange competition in Iowa and intrastate access charges, and report to the General Assembly by December 15, 2003.

The Bill creates a Technology-Enabled Communities "TEC" Town Program within the Department of Economic Development. Civil penalties collected from telecommunications companies that currently go to the Low Income Home Energy Assistance Program (LIHEAP) will be used to fund the TEC Town Program.

The Bill directs the Department of Economic Development to work with communities in Iowa to develop a survey and scoring system to collect information for educational, health care, local government, and business entities in order to certify communities as TEC Towns.

Assumptions

1. Historically, no civil penalty moneys are collected from telecommunications companies, resulting in no funding available to fund the TEC Town Program from that revenue source.
2. Any increased expenses for the Iowa Utilities Board will be billed to and paid by the utility companies.
3. The utilities will elect to participate in the optional rate rebalancing and the broadband initiative.
4. Approximately 30 communities will be surveyed and assisted by the Department of Economic Development each year under the TEC Town Program.

Fiscal Impact

The net General Fund fiscal impact of SF 368 to the Department of Economic Development will be approximately \$850,000 in FY 2004 and \$770,000 annually thereafter.

The Iowa Utilities Board would expend approximately \$45,000 and add 1.0 FTE position to work on rate rebalancing, the broadband initiative, and conduct studies of the current state of local exchange competition in Iowa and intrastate access charges. Since the utility companies reimburse the expenses of the Iowa Utilities Board, there would be no net fiscal impact on the Utilities Board.

Sources

Iowa Department of Economic Development
Iowa Utilities Board

/s/ Dennis C Prouty

March 25, 2003

The fiscal note and correctional impact statement for this bill was prepared pursuant to Joint Rule 17 and pursuant to Section 2.56, Code of Iowa. Data used in developing this fiscal note and correctional impact statement are available from the Legislative Fiscal Bureau to members of the Legislature upon request.
